iLembe – North Coast
2023 Tourism Performance Report

enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

South Africa
KWAZULU-NATAL
Zulu Kingdom. Exceptional

iLembe Tourism Performance 2023

R4,7 billion
Direct Tourist Expenditure

Total Economic Impact
Multiplier Effect (Direct, Indirect, Induced)

R6,2 billion
Total GDP Contribution

R1,8 billion
Total Household Income

13 420
Total Jobs Supported

R94 million
Total Taxes

798 076
Visitors

66%
Visitors staying in paid accommodation

2 128 203
Bednights sold

23 %
International Visitors

59 %
Accommodation Occupancy Rate

Visitor Investment Prospects

21%
Actively exploring property investment opportunities

3%
Purchased properties in iLembe

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Abbreviations

COVID-19	Coronavirus Disease
GDP	Gross Domestic Product
GVA	Gross Value Added
KZN	KwaZulu-Natal
MICE	Meetings Incentives Conferences and Events
SA	South Africa
SAT	South African Tourism
TKZN	Tourism KwaZulu-Natal
VFR	Visiting friends and relatives

Section 1: Introduction

Urban-Econ Development Economists has been appointed by Enterprise iLembe to compile tourism industry research and performance reports for a 3-year period. Enterprise iLembe is the iLembe District's economic development agency, and its primary role is to promote trade and investment opportunities in tourism, agriculture, manufacturing, and services. The agency's primary mandate is to conduct tourism industry research to form a baseline of market performance and quantify the economic impact of the industry.

1.1 Purpose

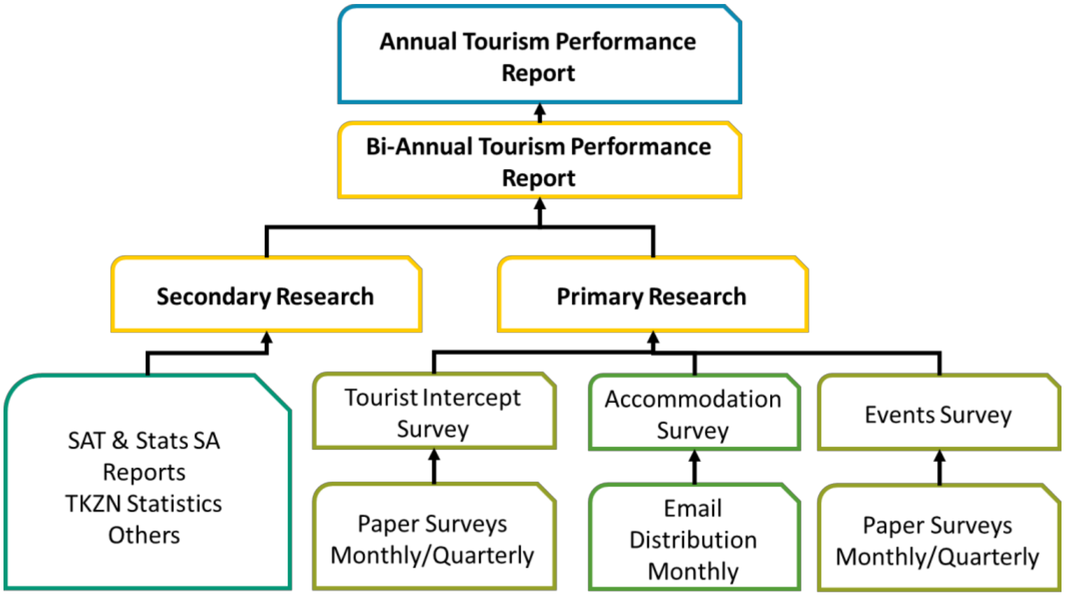
This study serves as the Annual Tourism Performance Report 2023 for the period between January to December 2023. Understanding the influx of tourists is crucial for assessing the iLembe District's tourism performance. Factors such as international arrivals, domestic tourism trends, and seasonal variations need consideration. Analysing changes in visitor demographics and preferences offers valuable insights for targeted marketing strategies.

Effective marketing and promotional campaigns are essential for attracting tourists to the iLembe District. Assessing the effectiveness of marketing strategies, including digital marketing efforts, social media engagement, and partnership initiatives, helps gauge the district's competitiveness in the tourism market. Identifying challenges faced by the tourism industry, such as seasonality, infrastructure limitations, and socio-economic factors, enables stakeholders to devise strategic solutions. Moreover, recognizing emerging opportunities, such as niche tourism markets, cultural events, and collaborative partnerships, can drive innovation and diversification in the tourism sector. The tourism sector in iLembe has started to recover and is showing actual growth post-pandemic, indicating that the sector has demonstrated resilience and promises a strong rebound through recovery.

1.2 Methodology

The study was conducted through primary and secondary research methodologies. Primary data was collected via the distribution of various surveys including the accommodation establishment survey, the visitor intercept survey and the events survey. The surveys are analysed on a monthly and quarterly basis. Secondary data obtained from SAT includes domestic and international tourist travel volumes and behavioural indicators. The output of the research is presented in Bi-annual and Annual Tourism Performance Reports.

FIGURE 1-1:METHODOLOGY



1.2.1 Primary research

The purpose of primary research at a local level is to provide deeper insight into the behaviours and preferences of the tourism demand, and the size and performance of the supply side. Further, it provides more real-time data compared to the secondary sources, which are delayed by almost a year. The data captured can be analysed at a localised level, which can inform tourism development and marketing needs more accurately in terms of geography spread, supplier performance and consumer trends.

Visitor intercept survey and events survey

The visitor intercept survey is paper-based survey completed by visitors during peak travel seasons. Whereas the events survey is completed by the event attends at selected events hosted throughout the year in iLembe. The responses are captured in Excel format and sent to the service provider for data cleaning and analysis.

Accommodation survey

The accommodation survey is an electronic survey (Microsoft Forms) distributed to accommodation establishments operating in iLembe District monthly. Responses are exported in Excel format and sent to the service provider. The goal of the survey is to identify trends relating to average occupancy rate, source information on different types of accommodation available, and determine the average length of stay between international and domestic tourists.

Data analysis

The data analysis of the surveys will be conducted using Microsoft © Power BI. The marketing intelligence system of Power BI will give the researcher the ability to:

- Access statistics and pre-set graphs on a dashboard consisting of several selectors which will allow the researcher to select timelines and categorise information to their specific needs.
- The dashboard can be exported as a report or shared as an interactive web-based link to stakeholders/decision-makers.
- The dashboard will also give the researcher access to annual information which can be exported and further reported in a Comprehensive Annual Tourism Performance Report.

1.2.2 Secondary research

The bottom-up approach requires the collection of primary data at the local level, thus allowing more comprehensive data on tourists' travel and consumption behaviour. The downside of primary data collection at a local level is that it is very data- and resource-intensive and it is difficult to compare with other data or regions/provinces. The top-down approach is more commonly used since it is secondary data collected at a national level, which is more cost-effective, uses existing resources and allows for regional/provincial comparison.

The main source for secondary data on tourism performance in South Africa and its provinces are from SAT and Stats SA as the official channels. Other data sources, international and national, can also be accessed to assist in reporting, including data on global tourism performance, passenger arrivals and departures, and performance reports from tourism products.

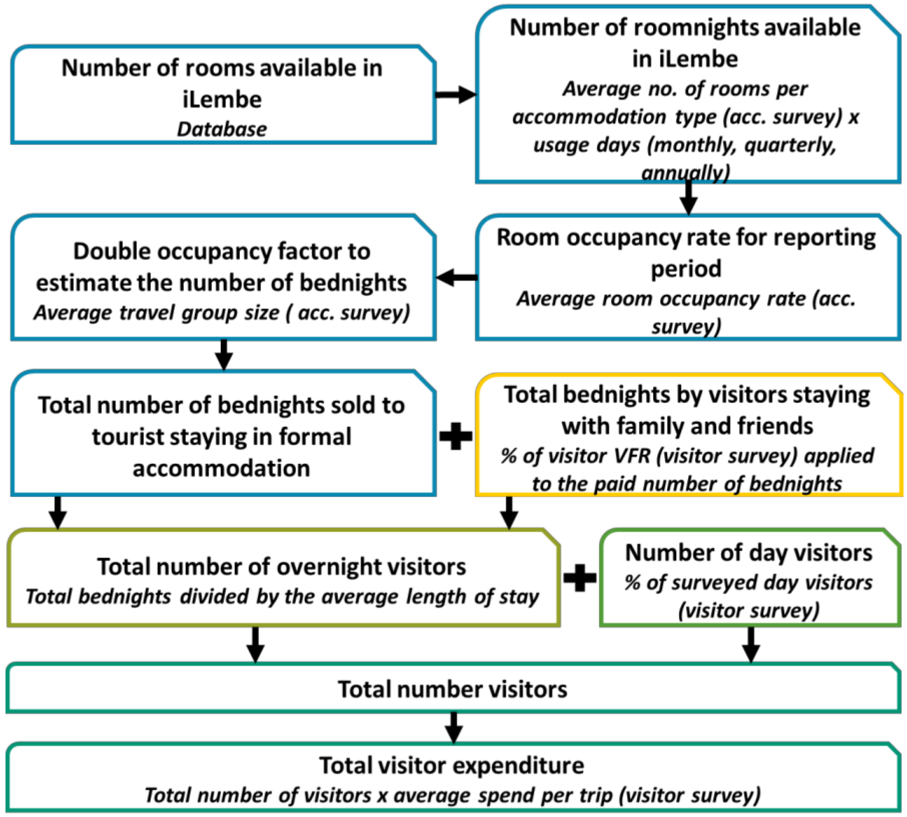
1.2.3 Estimate the size of the tourism sector

Tourism is a phenomenon based on the movement of people to places or countries outside their place of residence or work over a short period of time, thus creating an increase in demand for tourism-related products or services. However, measuring the economic impact and behaviour of travellers can be a challenge due to the following:

- Tourism is not an industry by itself; it consists of various industries whose outputs are consumed by residents and travellers alike.
- Defining and tracking the movements and behaviours of travellers are also a challenge since their spending allocation and geographical movements do not correlate or are difficult to determine at a sub-national level.

The methodology used in this study for assessing iLembe's tourism sector is based on a 'bottom-up' approach. The reason for using a bottom-up approach is that it uses both a supply and demand approach to assessing the tourism industry and is based on conducting primary research in the destination on an ongoing basis, throughout the year.

The tourism market assessment model first determines the number of visitor bednights at the paid accommodation. It then weights the number of bednights spent by visitors staying with friends and relatives (VFR). To determine the number of overnight visitors, the total number of bednights (paid and VFR) are divided by the average length of stay. The number of day visitors are weighted as a percentage on top of the overnight visitors. Finally, the total visitor expenditure is estimated based on the average spend per trip by a visitor *(note that the average spend per visitor type will be determined with the revised visitor survey)*.



1.2.4 Economic impact modelling

The economic impact model's primary goal is to measure economic contributions by determining direct, indirect, and induced impacts based on the total tourist expenditure.

Various socio-economic impact model tools can be used to quantify the mutual impact of the PAs, such as the Input-Output (OI), Social Accounting Matrix (SAM), and Computable General Equilibrium (CGE). For this study, the preferred option is the SAM as it determines the impact of activities on both the economy and households. A SAM presents finer details about the circular flow of income, including transactions between different institutions and between production activities. It achieves this by recording the interactions between different sets of agents through the factor and product markets. The data required for the compilation of the SAM can be collected from a variety of information sources (through primary and secondary research). This is permissible in SAM modelling as it incorporates and reconciles the data from different sources and reference years to ensure consistency between a range of social and economic statistics from different sources. As such, a suitably designed and disaggregated SAM could potentially play a unique role in providing a social dimension to economic data which will give users an overall view of the socio-economic situation within an area. The model will determine the direct, indirect, and induced impacts of the economic activities:

- The **direct effects** occur as a result of the expenditures of the relevant decision-maker, i.e., the economic agent that is responsible for the economic phenomena under assessment. Direct impacts are impacts which are caused directly by the activity and generally occur at the same time and place as the activity. These impacts are usually associated with the construction, operation or maintenance of an activity and are generally obvious and quantifiable. Known or planned facility construction and operating expenditures are typical examples.

- The **indirect effects** occur when the suppliers of goods and services to the new businesses or facilities experience larger markets and potential to expand. Indirect impacts increase job creation, GDP, and household income.
  The **induced effects** represent further shifts in spending on food, clothing, shelter and other consumer goods and services due to the change in workers' payrolls of directly and indirectly affected businesses. This leads to further business growth/decline throughout the local economy.

The following table provides the multipliers used for the economic impact modelling.

TABLE 1: SAM MULTIPLIERS

Accommodation and related services	Direct	Indirect	Induced	Total
Production (new business sales)	1,00	0,78	1,10	2,88
GDP	0,62	0,30	0,41	1,33
Income	0,10	0,11	0,18	0,35
Employment	1,15	0,70	0,99	2,85
Taxes	0,00	0,01	0,01	0,02

SOURCE: QUANTEC, 2023

1.3 Limitations

There are various issues to consider when it comes to tourism data, especially in terms of data collection biases and errors. These issues are myriad, including sample size representation (individual or collective), the structure of the questionnaire (including word biases), data collection periods or constraints, and respondent recall biases in terms of demand. Further, from a supply-side perspective, databases are unreliable and outdated, which means that responses could inaccurately represent the contribution and performance of the tourism sector. Thus, assumptions form a crucial part of any research study as they are a basis for validity and credibility.

The following limitation in the study influences the accuracy of the assumptions made in this report:

- Inability to accurately track the performance of the iLembe tourism industry due to a lack of readily available tourism statistics at a local level:
  - Small sample sizes
  - Specific months' data not captured

  - Biases in sample representation
- 2023 tourism statistical data from reliable sources such as South African Tourism (SAT) and Tourism KwaZulu-Natal (TKZN) is not yet available.

Section 2: Visitors to iLembe

This section quantifies the number of visitors to the iLembe District over the selected study period and elaborates on the purpose of the visit.

2.1 Number of visitors

Tourists staying in paid accommodations are classified as visitors who spend the night in accommodation in the place visited. Tourists visiting friends and relatives are considered tourists who stay overnight, however, do not require any paid accommodation facilities as they will be visiting relatives in the destination area. Day visitors are visitors who do not spend the night in accommodation in the place visited as they are most likely to travel back to their destination of origin on the same day.

The following table provides the estimated number of visitors that iLembe received for 2023.

TABLE 2: NUMBER OF VISITORS

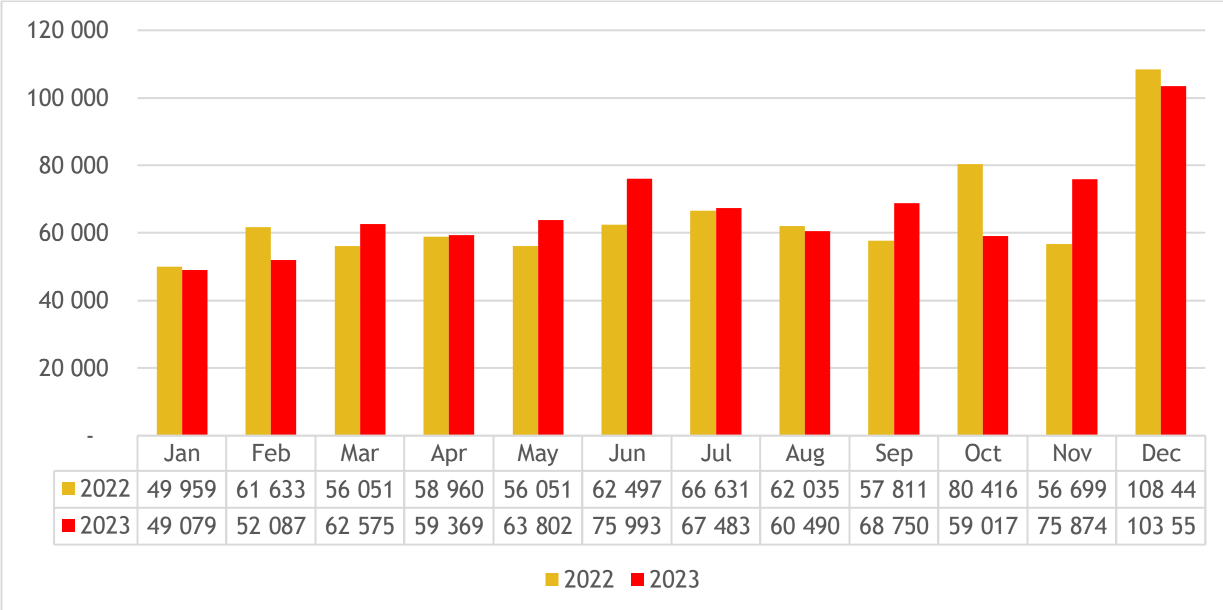
Category	2022	2023
Number of visitors in paid accommodation	506 477	528 090
Number of visitors staying with friends and relatives	162 073	158 427
Number of day visitors	108 639	111 559
Total number of visitors to iLembe	**777 189**	**798 076**
Bednights sold (Paid accommodation)	1 367 488	1 637 079
Unpaid bednights (Staying with friends and relatives)	437 596	491 124
Total number of bednights in iLembe	**1 805 084**	**2 128 203**

SOURCE: URBAN-ECON, 2023

In 2023, the iLembe District had 528 090 tourists staying in paid accommodation (4% increase from 2022), 158 427 people visiting friends and family (2% decrease from 2022), and 111 559 day visitors (3% increase from 2022). An estimated 1 637 079 bednights were sold in 2023 (20% increase from 2022). An estimated 491 124 unpaid bednights (people staying with friends and relatives) were recorded in 2023, a 12% rise over 2022. As a result, there were 2 128 203 bednights spent at iLembe altogether over the research period, representing an 18% increase from 2022.

The figure below indicates the number of visitors to iLembe for 2023 was generally higher than the 2022 figures during months such as March, April, May, June, September and November suggesting these months as the preferred travel period to the region.

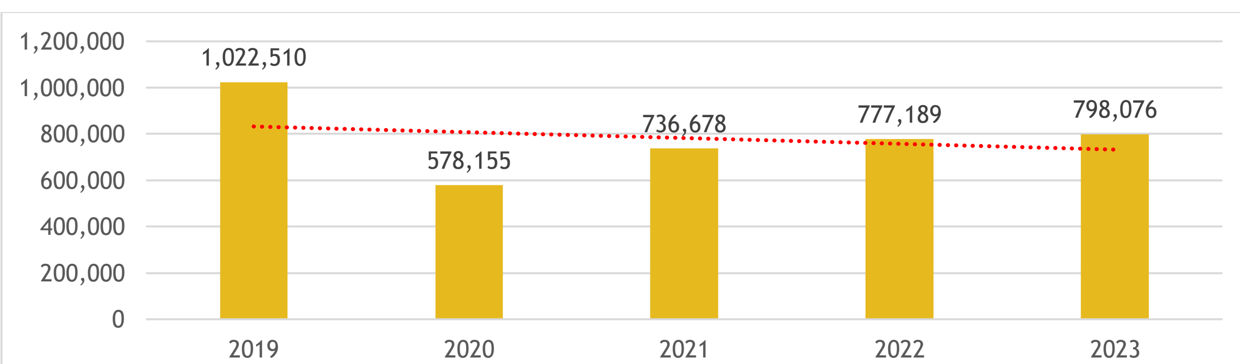
Figure 2-1: Number of visitors to iLembe 2022-2023



Source: Urban-Econ 2023

The following table shows the estimated visitor number for iLembe from 2019 to 2023. Following the COVID-19 pandemic in 2019 and 2020, it is evident that the iLembe tourist industry has begun to recover and is even growing, a sign that the industry has shown resilience and is expected to make a significant comeback. The number of visitors in 2023 decreased by 22% in contrast to 2019 figures however there has been a gradual increase in the number of visitors from 2020 until 2023. The 2021 period shows post-Covid recovery. The growth rate from 2022 to 2023 is estimated at 3%. The district's tourism sector is attracting both domestic and international visitors, with a significant contribution to the local economy and household incomes.

Figure 2-2: Number of visitors for 2019 to 2023

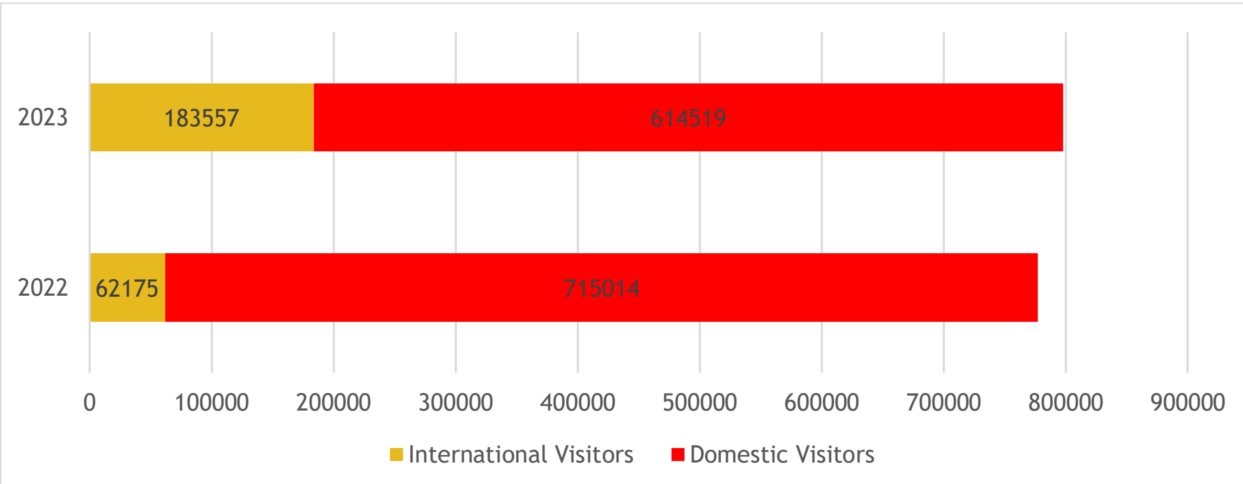


Source: Urban-Econ, 2023

2.2 Market Segments

The figure below illustrates the international and domestic visitor numbers ratio for 2022 and 2023. According to the visitor's survey, the portion of international visitors to iLembe has increased representing 23% of visitors to iLembe where South African residents represented 77%. Compared to 2022, which only had 9% of visitors being from foreign countries.

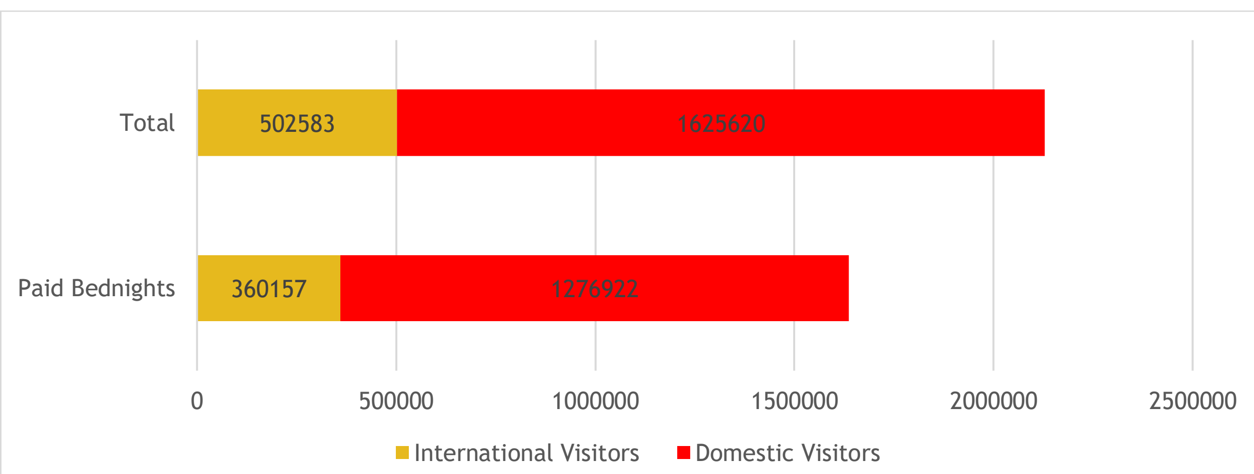
FIGURE 2-3: NUMBER OF INTERNATIONAL AND DOMESTIC VISITORS FOR 2022 AND 2023



SOURCE: URBAN-ECON,2023

Of the 2.1 million bednights spent in iLembe district, 24% is spent by international visitors. Interestingly, only 22% of paid bednights were sold to international visitors. This shows a strong return of foreign markets and spending in the district during 2023. However, emphasising the critical importance of the domestic market, which still represents over three-quarters of the paid accommodation overnight market.

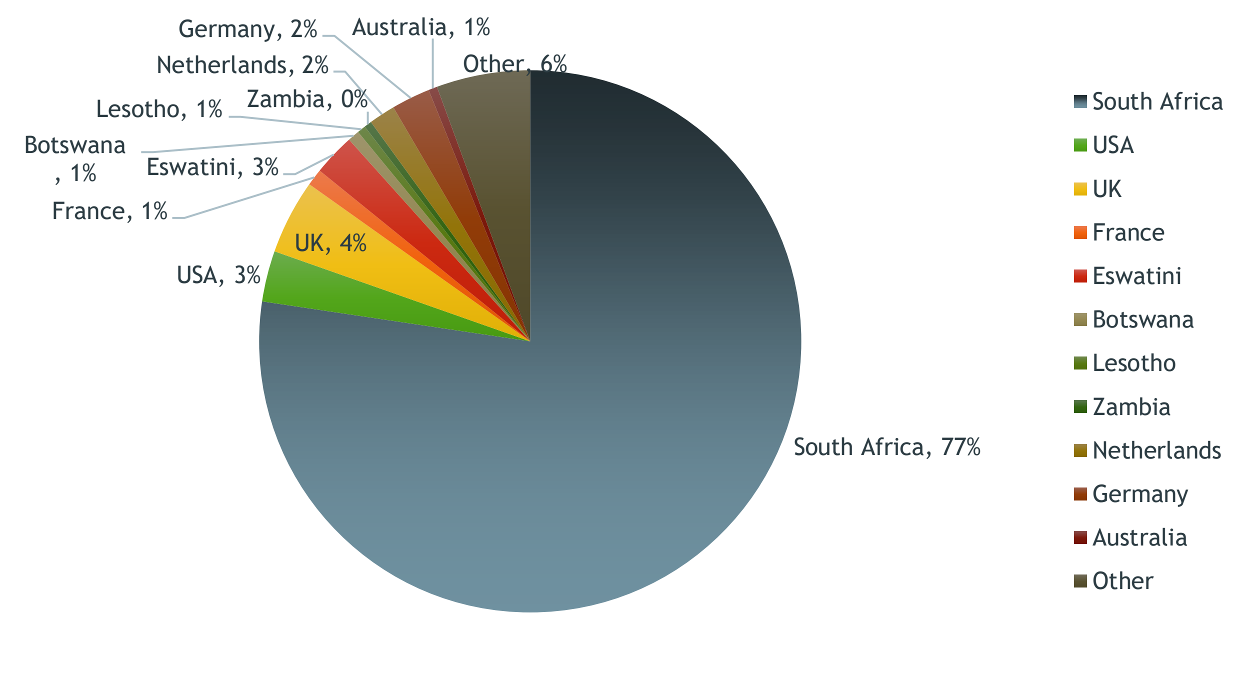
FIGURE 4: INTERNATIONAL AND DOMESTIC VISITOR BEDNIGHTS FOR 2023



SOURCE: URBAN-ECON,2023

The key international markets were possibly from the UK (4%), USA (3%), Eswatini (3%), Netherlands (2) and Germany (2%). This is a good indication that the international tourism sector in the iLembe District continues to grow and attract foreigners to the region.

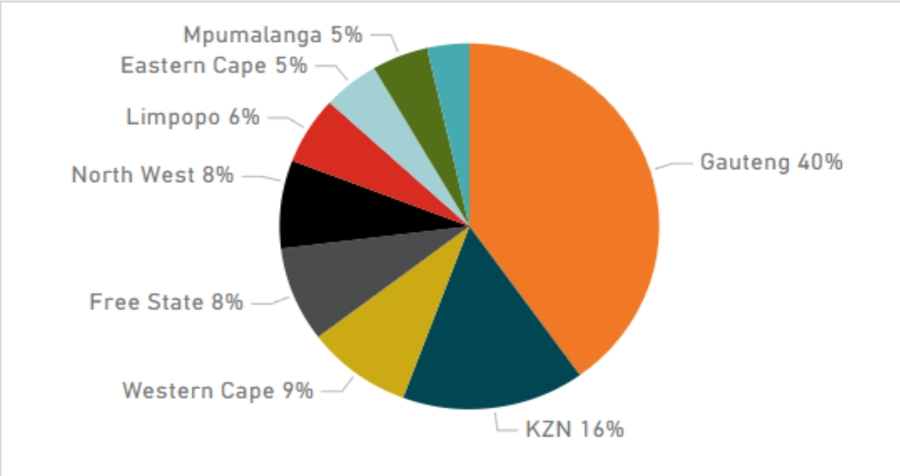
FIGURE 2-5: COUNTRY OF ORIGIN



Source: Enterprise iLembe Visitor Intercept Survey 2023

The figure below shows the province of origin for the South African residents that visited iLembe, with 40% residing in Gauteng, 16% from KZN and 9% from Western Cape. Only 8% were from the Free State and the North West provinces respectively.

FIGURE 2-6: PROVINCE OF ORIGIN

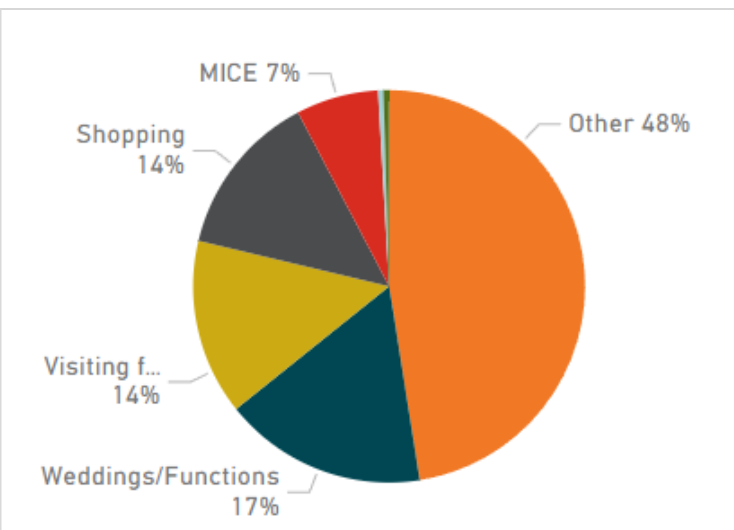


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

2.3 Travel behaviour

According to the visitor intercept survey, the main purpose of visit was for weddings/functions (17%) followed by VFR (14%), shopping (14%), and MICE (7%). A large number of visitors indicated other (48%) as the purpose of visit.

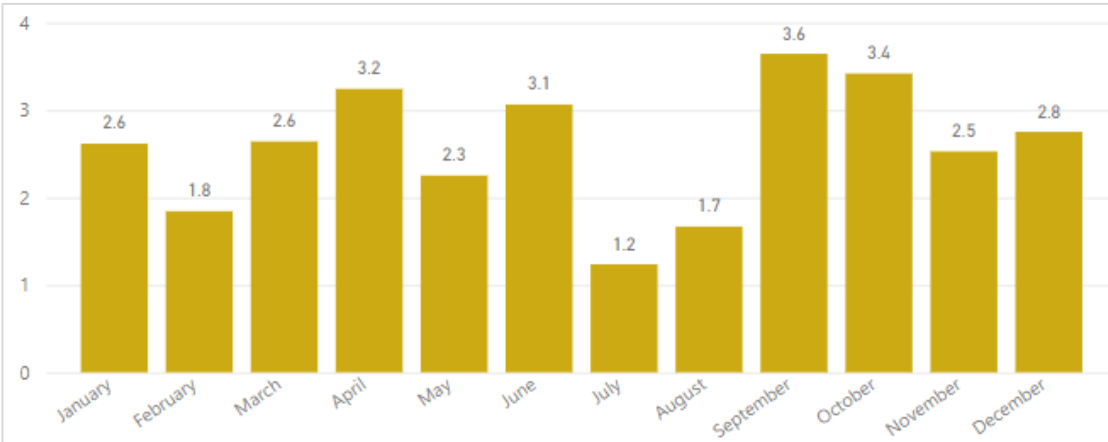
FIGURE 2-7: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

The travel group size for the study period saw many people travelling either as couples (two people) or alone(individually)at 43% and 25% of visitors respectively. Only 1% of visitors came to the destination as a group of 4 individuals. The rest of the visitors were in groups of three or five individuals. The average travel group size in 2023 was 2.6 people.

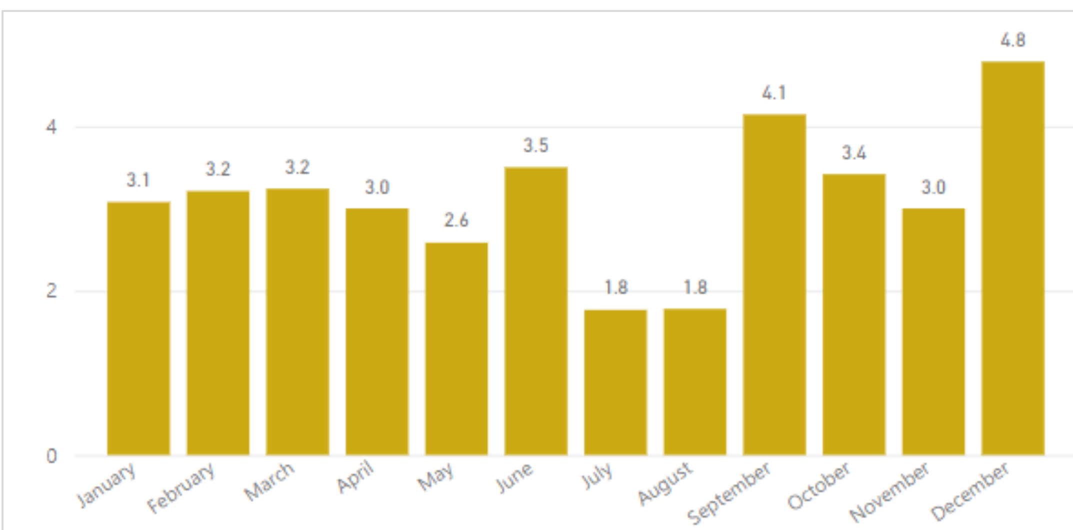
FIGURE 2-8: TRAVEL GROUP SIZE



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

The figure below shows the average length of stay. The trend remains constant with the overall average length of stay being 3.2 days per visitor. This is a positive trend with length of stay increasing particularly over the school holiday period such as December, suggesting that visitors may view iLembe as an ideal holiday destination.

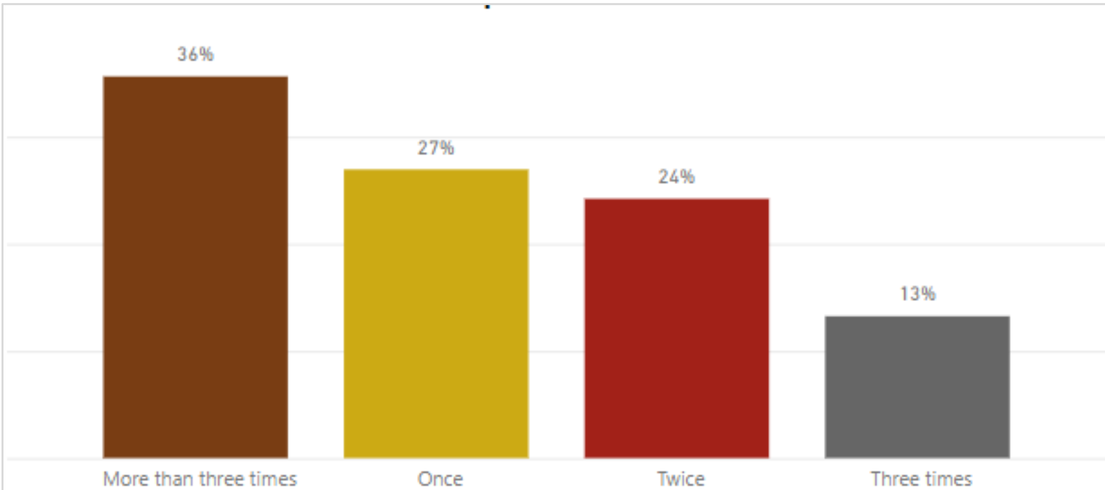
FIGURE 2-9:LENGTH OF STAY



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

Over 36% of visitors have visited iLembe more than three times whereas only 27% indicated this as their first visit. Thus, the revisiting rate is significantly high with 63% of visitors visiting more than once.

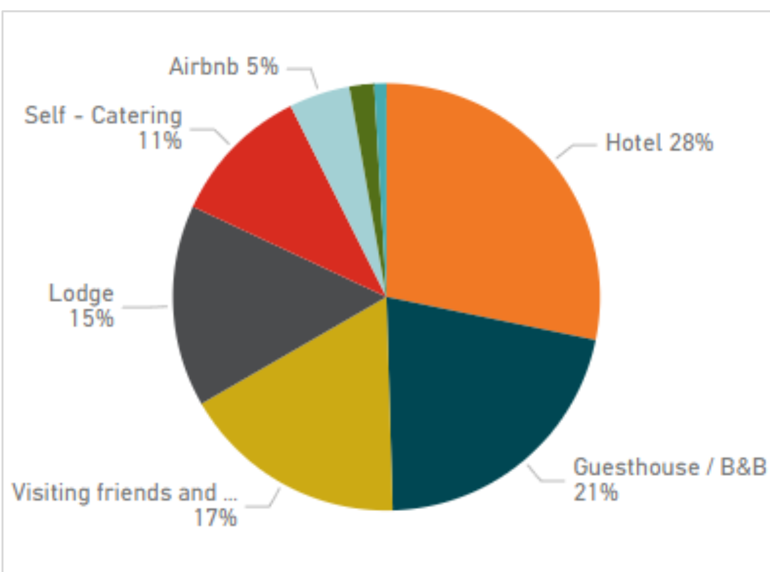
FIGURE 2-10: REPEAT VISITOR



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

The figure below indicates the type of accommodation used by visitors. The majority used hotels (28%), and guesthouses/B&Bs 21%). 17% of the visitors to iLembe stayed with friends and relatives. Further, visitors also used lodges (15%) and (15%). Only 11% of visitors used self-catering, Airbnb (5%) options.

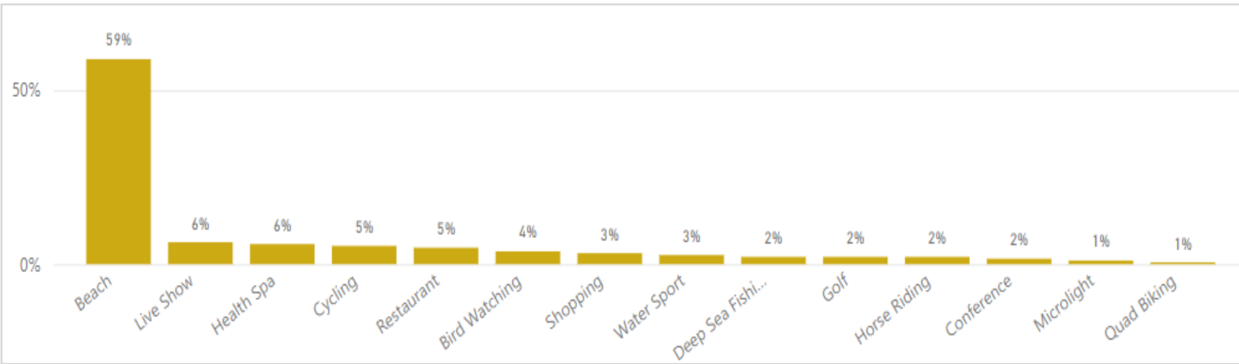
FIGURE 2-11: TYPE OF ACCOMMODATION



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

Over 59% of visitors indicated that they travel to iLembe for the beach and related activities. Other recreational activities included attending live shows (6%), visiting health spas (6%), cycling (5%), and eating at restaurants (4%). Other key activities include shopping, water sports, bird watching, attending conferences or live shows, and other adventure activities.

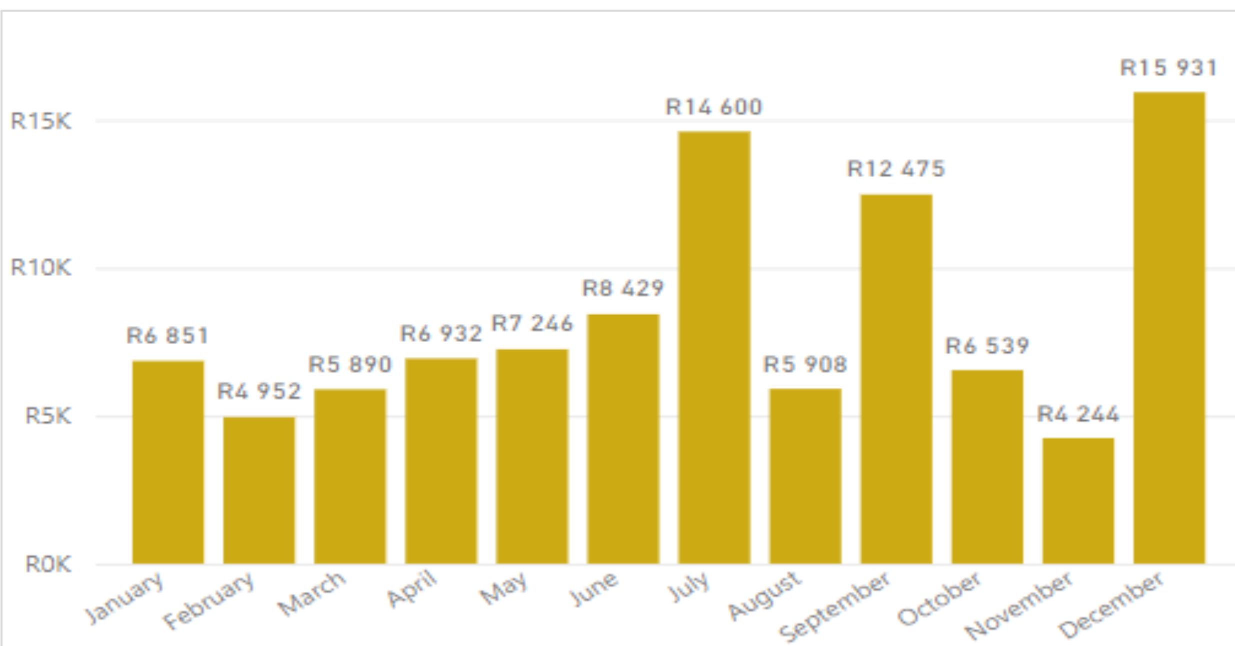
FIGURE 2-12: ACTIVITIES UNDERTAKEN DURING THE VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

According to the survey, visitor spent on average was R6 610 per trip for Q1 and Q2 of 2023.During Q3 and Q4 of 2023, the visitor spent on average was R10 536 per trip. Thus, the average spending varied between R6000 and R10 000 per visitor per trip.

FIGURE 2-13: AVERAGE VISITOR SPEND FOR 2023

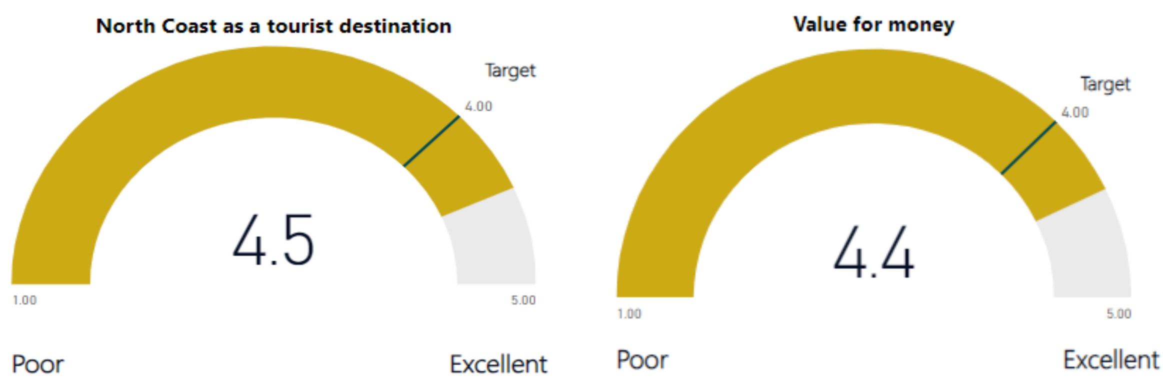


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

2.4 Destination Perception

According to the visitor survey, visitors rated the North Coast as a premium tourist destination with an average score of 4.5 out of 5. Further, the destination is also seen as a value-for-money offering with an average score of 4.4 out of 5.

FIGURE 2-14:VISITOR SATISFACTION



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

An outstanding 100% of visitors will recommend the North Coast to friends, family, and colleagues as a holiday destination.

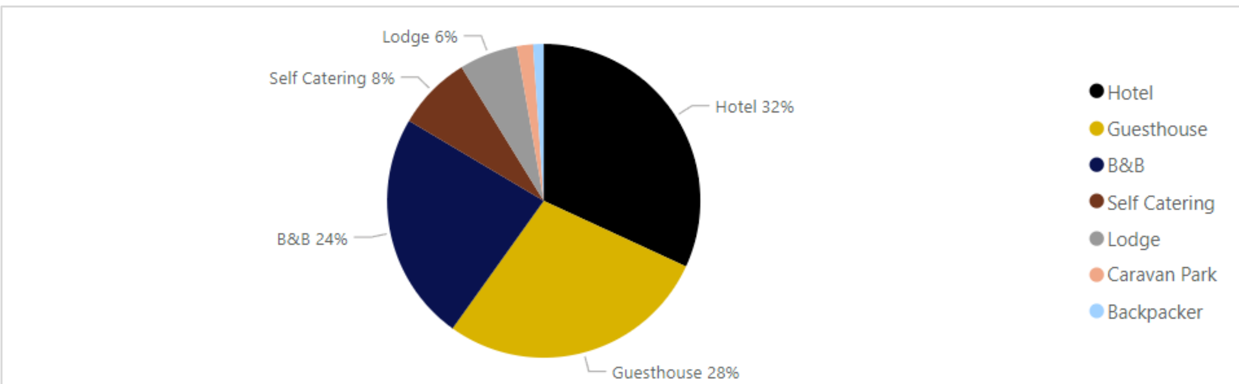
Section 3: Accommodation Industry

The accommodation survey section seeks to solicit crucial information from accommodation and hospitality service providers regarding their respective product offerings, trends in the tourism industry, and available tourism amenities in the area.

3.1 Respondents to the Accommodation Survey

There were 184 respondents to the Accommodation survey in 2023. The type of respondents included owners of establishments such as hotels, lodges, guesthouses, chalets, and other available accommodations. The figure below shows that during 2023, hotel (32%) and guesthouse (28%) owners were the most prevalent accommodation survey participants, followed by B&Bs (24%) and self-catering establishments (8%).

FIGURE 3-1: ACCOMMODATION SURVEY RESPONDENT TYPE 2023

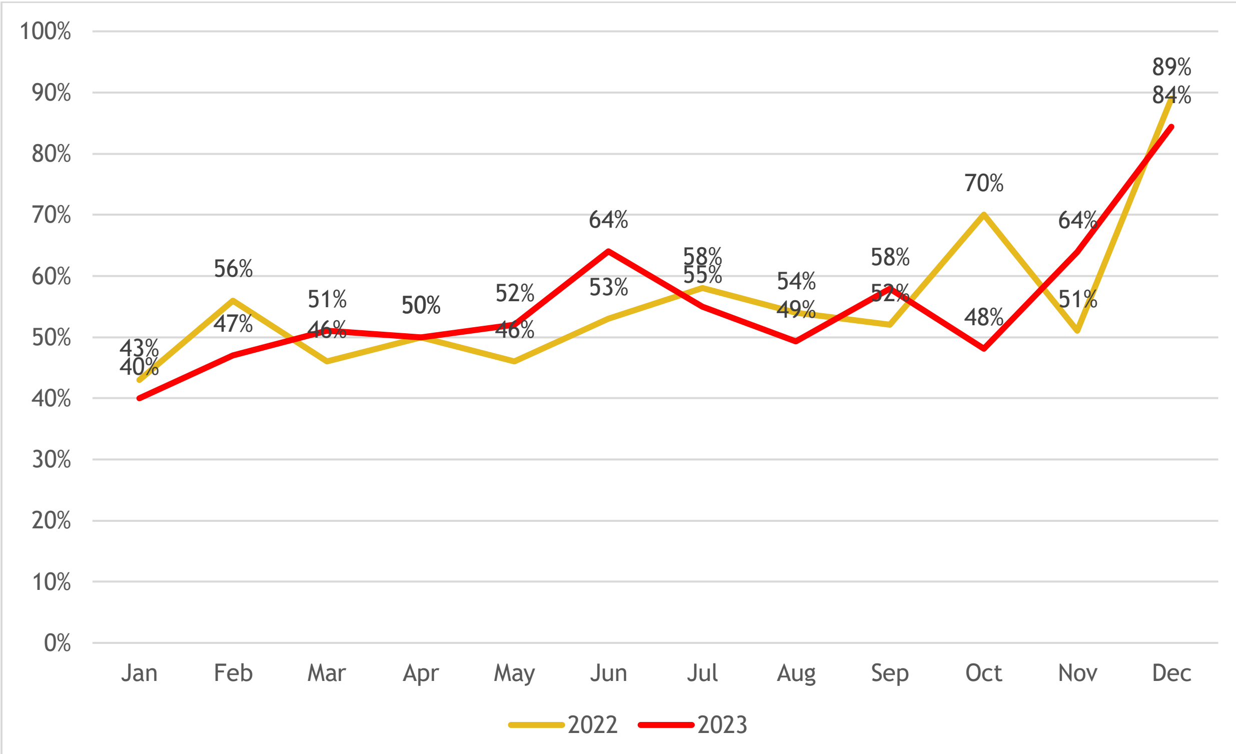


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

3.2 Average Occupancy Rates

The average occupancy rate for 2023 collectively was 59%. December (84%), June (64%) and November (64%) had the highest average occupancy rates for 2023.

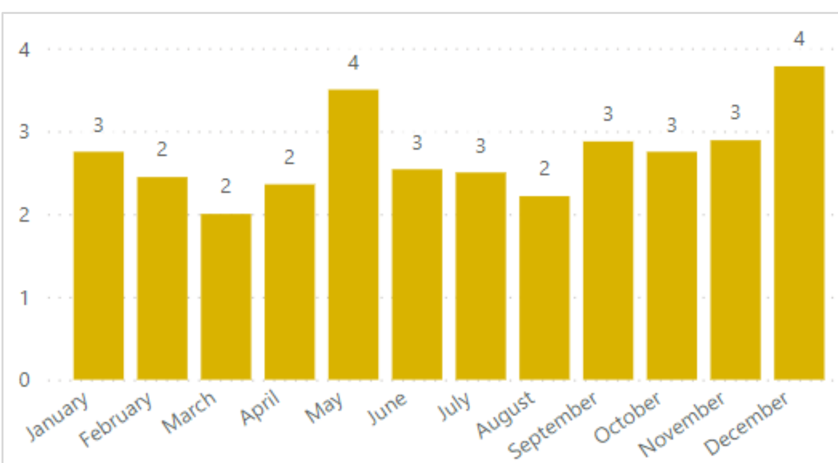
FIGURE 3-2: AVERAGE OCCUPANCY RATE IN ILEMBE FOR 2023



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

Accommodation usage fluctuates according to seasonality and periods during the year when people are likely to travel to other parts of the country. The figure below displays the average number of nights spent by guests per month, whereas December had the highest average number of nights reported. The average number of nights spent by guests was 3, which is close to the reported value in the visitor survey.

FIGURE 3-3: AVERAGE NUMBER OF NIGHTS PER MONTH

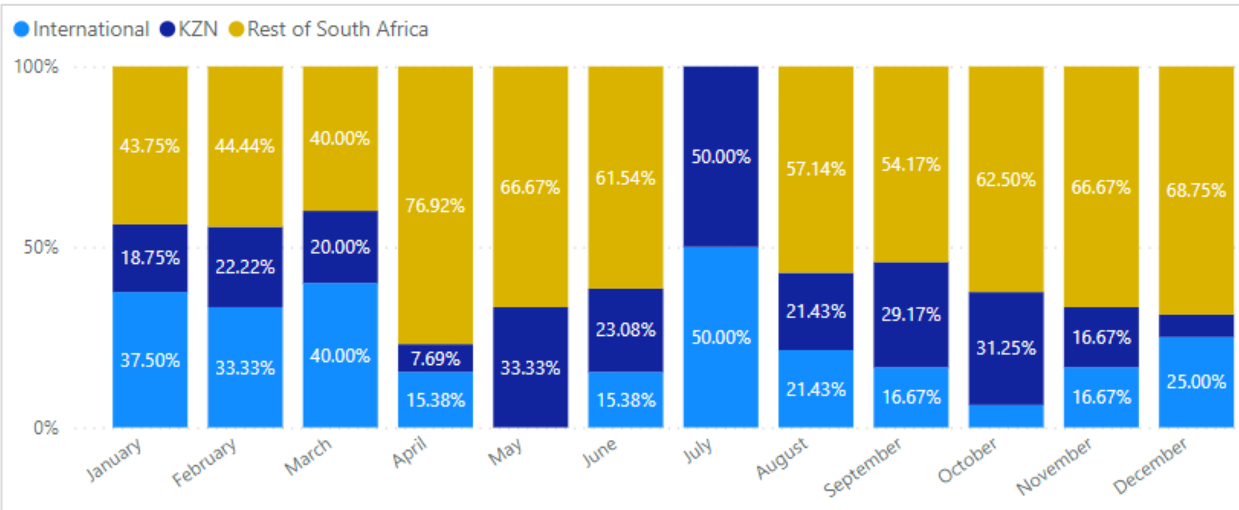


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

3.3 Origin of Guests

The figure below displays the origin of guests to iLembe during the period July until December 2023.

FIGURE 3-4: ORIGIN OF GUESTS TO ILEMBE 2023



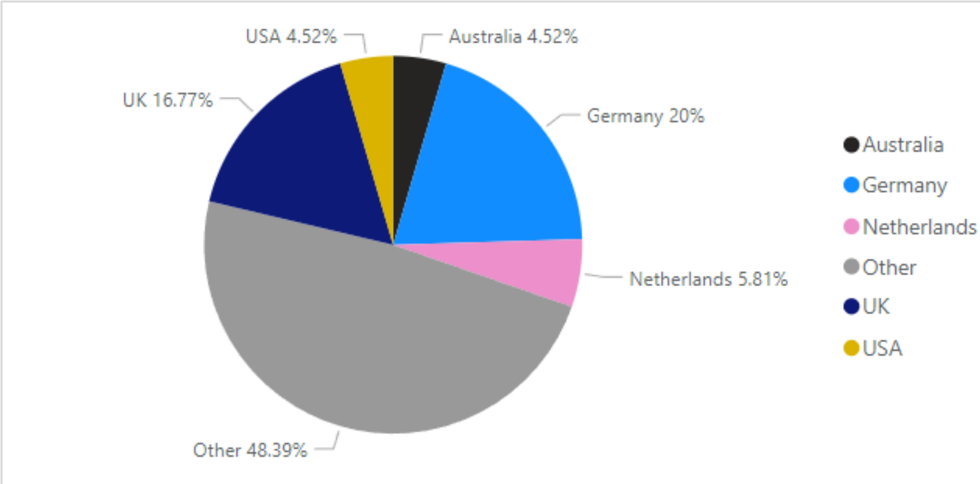
SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

The first quarter of the year saw over a third of guests coming from abroad, which is a popular travel period for international travellers to South Africa. From May onwards (excluding July), the market shifted to a more domestic base, with September and October experiencing larger portions of intra-provincial travel compared to other months. On average for 2023, the accommodation industry reported their international representation for guests at 21%. Relatively correlating with the visitor survey indicating that 22% of visitors staying in paid accommodation are international travellers.

3.4 Top source market of international guests

International tourist arrivals are prevalent in determining the growth and development of the tourism sector. A high number of tourist arrivals is a good indicator of an ideal tourist destination. There are a lot of factors to consider such as infrastructure, available amenities, safety, culture, and heritage which can be used as selling points to market the country's tourism to tourists abroad. The figure below displays the top source markets for guests as identified by the establishments. According to the accommodation survey, Germany (20%), the UK (17%), the Netherlands (6%), USA (5%) and Australia (5%) were identified as key international markets.

FIGURE 3-5: TOP SOURCE MARKET OF INTERNATIONAL GUESTS



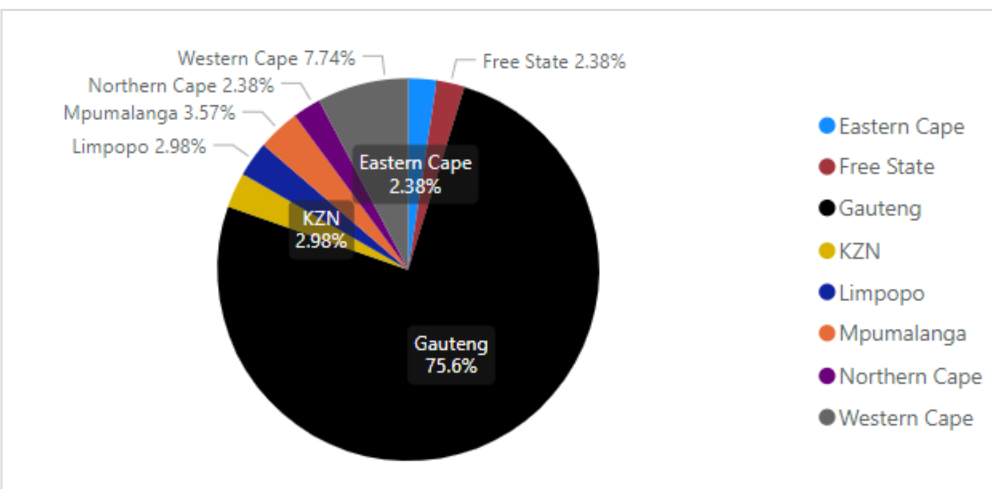
SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

3.5 Top source market of domestic guests by province

Domestic travel often relies on inter-provincial tourism as a way of further intensifying tourism industry growth. Coastal provinces such as KZN and Western Cape are often prevalent in this manner due to their ease of access to the beach and other coastal amenities.

The figure below displays the top source markets of domestic guests by province.

FIGURE 3-6: TOP SOURCE MARKET OF DOMESTIC GUESTS BY PROVINCE



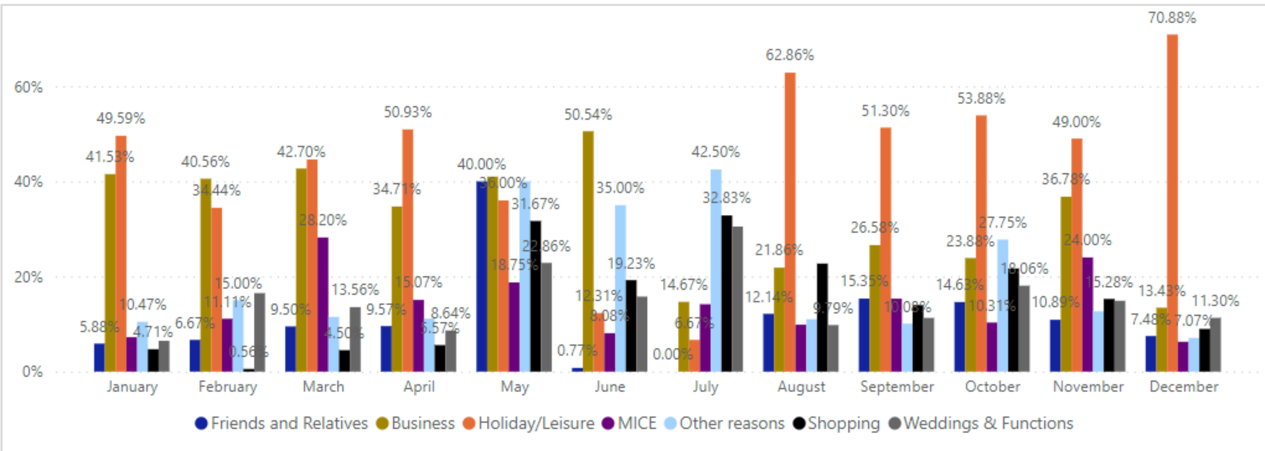
SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

The Gauteng Province (76) is the top source market of domestic travellers followed by Western Cape (8%) and Mpumalanga (4%) which contributes to inter-provincial tourism within KZN.

3.6 Purpose of visit

Tourists travel around the world for different reasons. Most people travel for leisure (71%) during holiday season such as December and business (37%) during November, while others travel for MICE or weddings/functions. The rest travel for shopping and other reasons. Figure 3-8 displays the main purpose of visit for travellers to the iLembe District.

FIGURE 3-7: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

The establishments indicated that a significant number of guests travelled to the area for business and leisure. Tourists travelling for leisure remained constant throughout, however, July saw a slight decline.

Section 4: Impact of Tourism

The economic impact assessment model utilizes multipliers that are used to determine direct, indirect, and induced impacts. The goal is to quantify economic contributions from tourism-related industries and activities. The economic activities undertaken in the iLembe District are important contributors to GDP, employment, income generation and taxes in the landscape and country.

4.1 Visitor spending

The table below displays the estimated tourist expenditure for iLembe for 2023. The estimated tourist expenditure was calculated by multiplying the average spend per visitor by the number of visitors. For the purpose of maintaining comparability the model used a variable to represent the average spend for each visitor in line with the average spend for Q1 and Q2. Total visitor expenditure amounted to R4.7 billion.

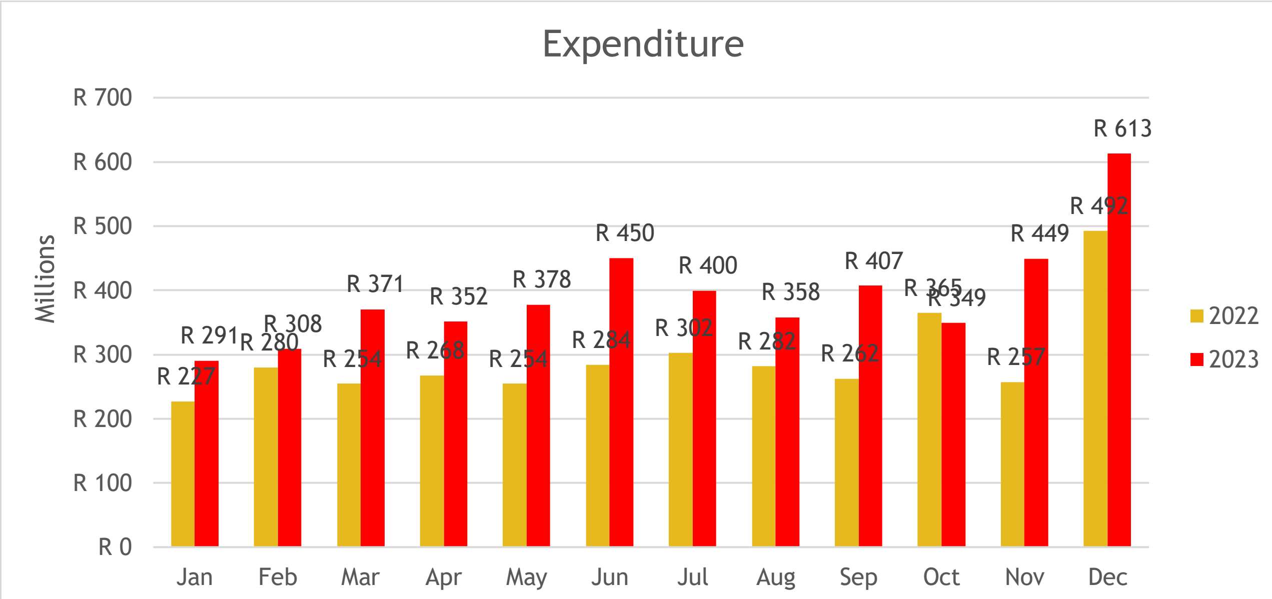
TABLE 3: VISITOR EXPENDITURE

Visitor Expenditure	Number	Total Expenditure
Visitors in paid accommodation	528 090	R3 753 298 002
Visitors staying with Friends and Family	158 427	R825 342 048
Day visitors	111 559	R146 886 708
Total	798 076	R4 725 526 757

SOURCE: URBAN-ECON, 2023

The figure below shows the direct tourist expenditure per month for 2023 in comparison to the previous year, 2022. The highest direct tourist expenditure recorded was for the month of December 2023 increasing by 25% from 2022 clearly indicating the December school holiday period continues to be a favourable time for leisure and business travelling. The lowest direct tourist expenditure figure was January for both 2022 and 2023 suggesting that during this time consumers are generally more cautious with their spending as most visitors are travelling back to their homes in preparation for re-opening of schools and returning to work.

FIGURE 4-1: DIRECT TOURIST EXPENDITURE PER MONTH BETWEEN 2022 AND 2023



SOURCE: URBAN-ECON, 2023

4.2 Economic Impact

The table below displays the results from the economic impact assessment modelling. Using the total expenditure on tourism the model calculated the direct, indirect, induced and total impact of production, Gross Domestic Product (GDP), household income, employment and taxes.

TABLE 4: ECONOMIC IMPACT ASSESSMENT FOR 2023

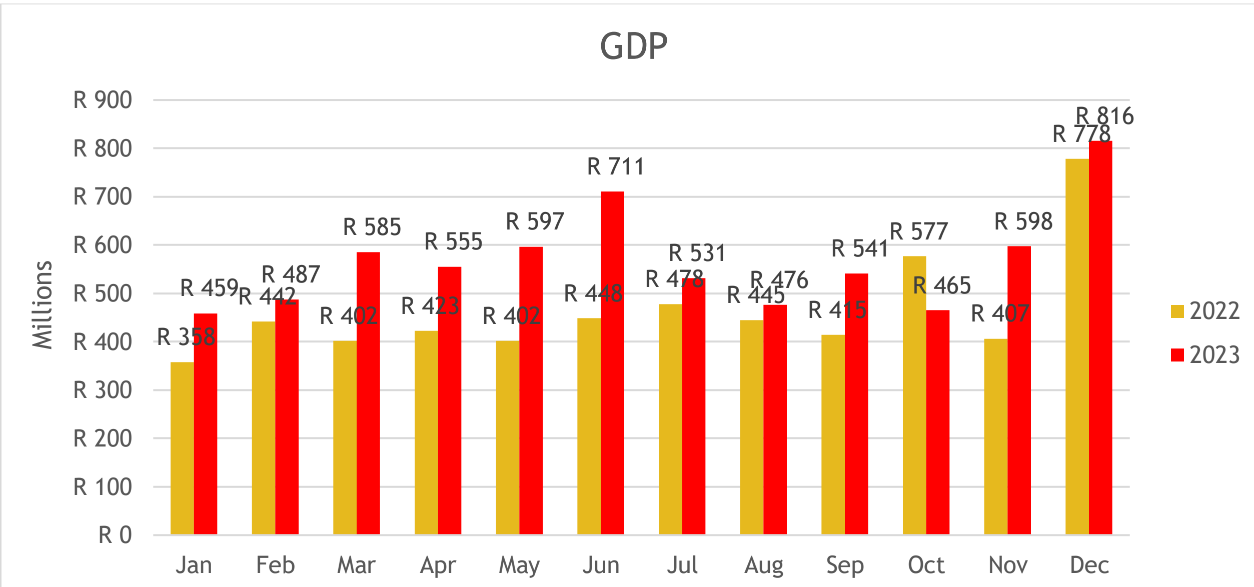
Economic Impact	Direct	Indirect	Induced	Total
Visitor Expenditure	R4 725 526 757	R3 685 910 870	R5 198 079 433	R13 609 517 060
GDP	R2 929 826 589	R1 417 658 027	R1 937 465 970	R6 284 950 587
Income	R472 552 676	R519 807 943	R850 594 816	R1 842 955 435
Taxes	R0	R47 255 268	R47 255 268	R94 510 535

SOURCE: URBAN-ECON, 2023

The estimated total visitor expenditure contribution to the GDP is R4.7 billion for 2023. This means that over R3.3 billion in indirect and induced GDP impacts was added to the economy as a result of the direct expenditure of visitors. Further, contributed a total of R1.8 billion to household income and R94 million to taxes.

The figure below shows the trend for GDP contributions per month from 2023. The month of December for both 2022 and 2023 recorded the highest GDP contributions suggesting that the iLembe District continues to market itself as the ideal visitor destination over the school holiday period.

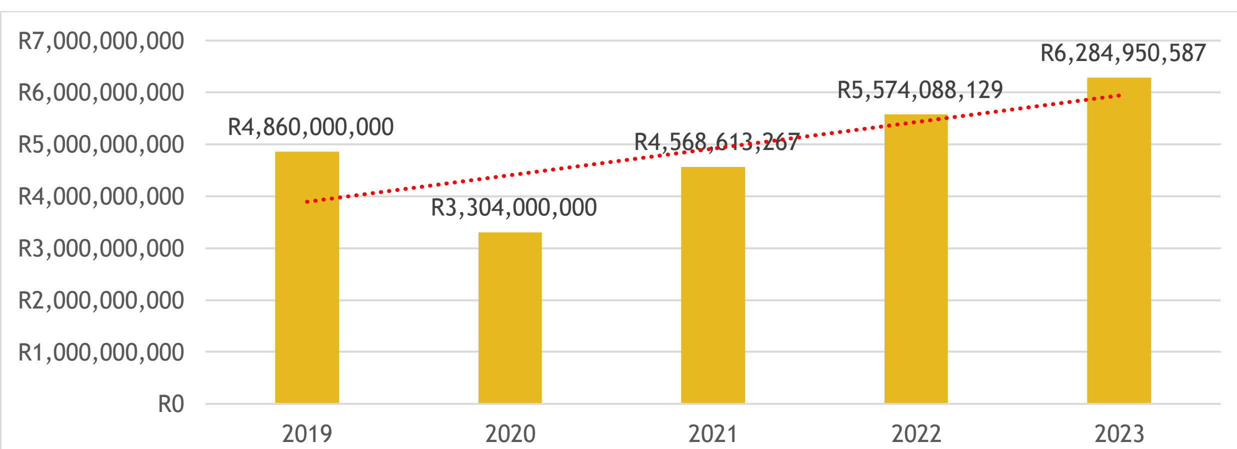
FIGURE 4-2: GDP CONTRIBUTIONS PER MONTH FOR 2023



SOURCE: URBAN-ECON, 2023

The figure below shows the trend for GDP contributions from 2019 until 2023. The 2023 has the highest total contributions in contrast to previous year. This is attributed to increased inflation and increased consumer spending in comparison to 4 years ago.

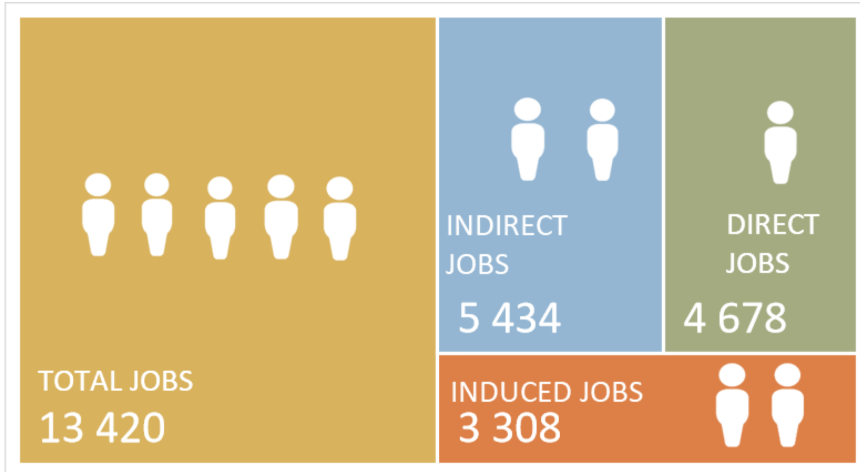
FIGURE 4-3: GDP CONTRIBUTIONS 2019-2023



SOURCE: URBAN-ECON, 2023

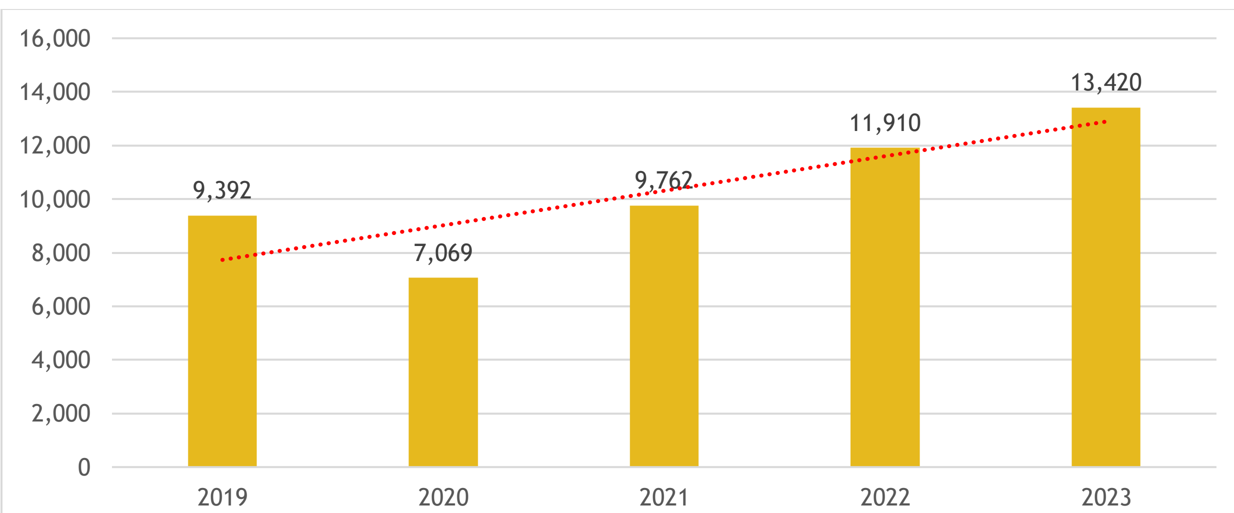
4.3 Job Creation

The direct jobs opportunities supported by the visitor spend is 4 678 from 2023. The total job opportunities supported by the tourism sector in iLembe was estimated at 13 420. Thus, 2.85 job opportunities were created for every R1'million of direct expenditure.



The employment projections from 2019 to 2023 are indicated below. The 2023 estimated employment opportunities surpassed the numbers of 2019, however, the figures are higher due to the large expenditure and increased number of visitors for this year, which are influenced by increased costs and market changes during the post-pandemic era as the local tourism sector strives to accelerate recovery and growth.

Figure 4-4: Total employment opportunities from 2019-2023

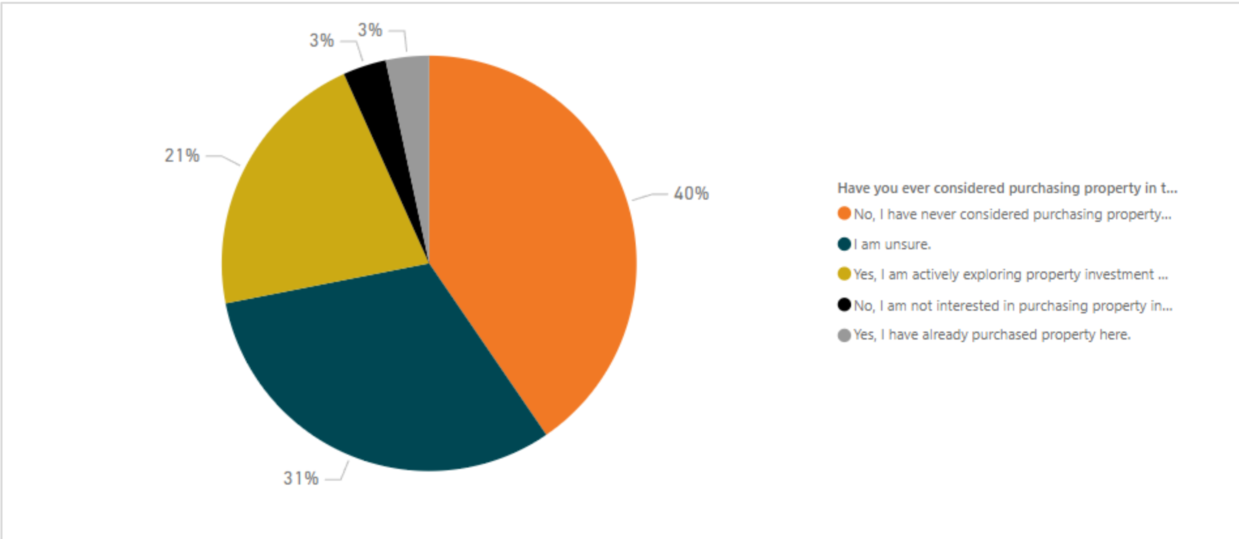


Source: Urban-Econ, 2023

4.4 Investment Appetite

By encouraging both domestic and foreign investors, the iLembe District aggressively fosters investment through its programs for economic growth. A desirable location for tourist investment is the district's stunning coastline and rich cultural legacy. Potential investors can investigate certain opportunities by buying homes and other investment options. In general, the iLembe District offers a variety of investment prospects. The graph below illustrates the percentage of survey visitors that explored potential investment opportunities in iLembe.

FIGURE 4-5: VISITOR INVESTMENT PROSPECTS



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

According to the visitor intercept survey, 21% of visitors are actively looking for real estate investment options in the iLembe District, and 3% said they had already bought a home there. Nonetheless, 40% of the guests said they haven't given thought to buying real estate in the iLembe District.

Section 5: KZN Tourism Performance

5.1 International Tourism Performance

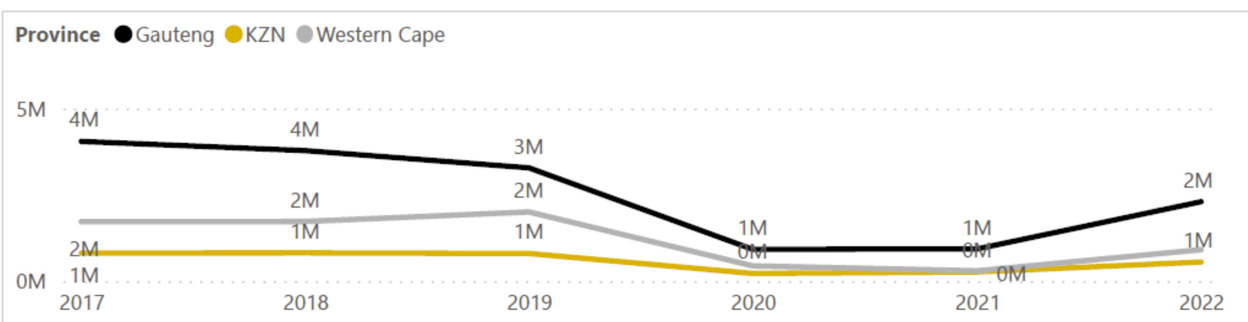
International tourists play a crucial role in the economy and development of Kwazulu-Natal. The province has a diverse range of attractions, including wildlife reserves, stunning landscapes, vibrant cities, and a rich cultural heritage, making it a popular destination for travellers from around the world. This influx of foreign currency helps boost the country's foreign exchange reserves, strengthens the balance of payments, and supports economic growth. It provides job opportunities in various sectors, including hospitality, transportation, tour operators, and retail. In terms of global relations, positive experiences can help promote the province as an attractive destination, fostering international relations and enhancing the country's image on the global stage.

5.1.1 Tourist arrivals

In terms of international tourism to the province, an overall increase on many levels was recorded. International tourist arrivals showed incredible growth from 261 068 tourists in 2021 to 538 136 in 2022.

The increase in arrival volumes shows that the province remains established as a preferred tourism destination competitor. The province also launched aggressive marketing campaigns which proved to be successful in reaching the international markets. Other reasons for this increase also include the rise of remote work and the digital nomad lifestyle which allowed people to work from anywhere, leading to a trend where some individuals chose to travel while working. This resulted in extended stays in tourist destinations, benefiting local tourism industries. The recommencement of events, conferences, and festivals, which often attract large numbers of visitors, also played a significant role in revitalising tourism.

FIGURE 5-1: INTERNATIONAL TOURIST ARRIVALS TO SOUTH AFRICA



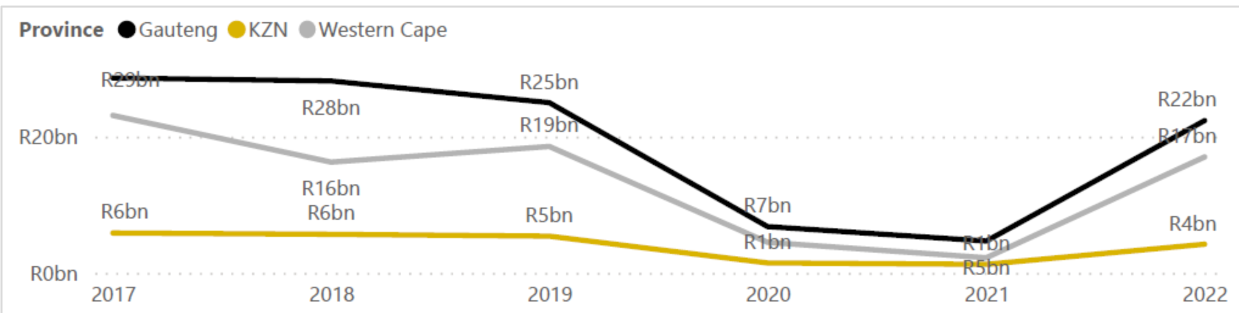
SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

The KwaZulu-Natal Province represents 9.7% of the total international tourist arrivals and other provinces are represented as follows, Gauteng (40.4%), Mpumalanga (20.8%) and the Western Cape (16.0%)[1].

5.1.2 Spend

As economies started to recover from the pandemic-induced downturn, disposable income levels improved for many people. This increase in spending power contributed to higher travel expenditures, both domestically and internationally. This was evident in the substantial increase in international expenditure in the province. The figure below shows that tourist spending increased from just over R2 billion in 2021, to a total of R4.2 billion in 2022.

FIGURE 5-2: INTERNATIONAL TOURIST SPEND



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

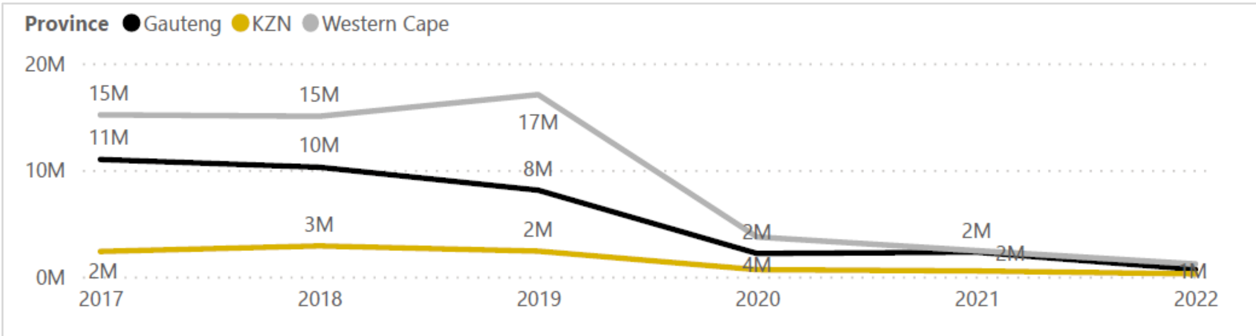
The Gauteng and Western Cape Provinces once again dominated on the provincial front with international tourist spend at R22.3 billion and R17 billion respectively.

5.1.3 Paid bednights

Paid bednights in the province experienced a decline from 540 369 bednights in 2021, to 263 731 bednights in 2022. The main reason for this may be that more visitors are staying over with friends and relatives rather than paying for bednights. VFR is a significant and common purpose of tourism and the positive experiences shared by VFR tourists with their friends and family can serve as word-of-mouth promotion, influencing others to visit the destination.

[1] South African Tourism, International Tourist Arrivals Survey 2022

FIGURE 5-3: SUM OF PAID BEDNIGHTS



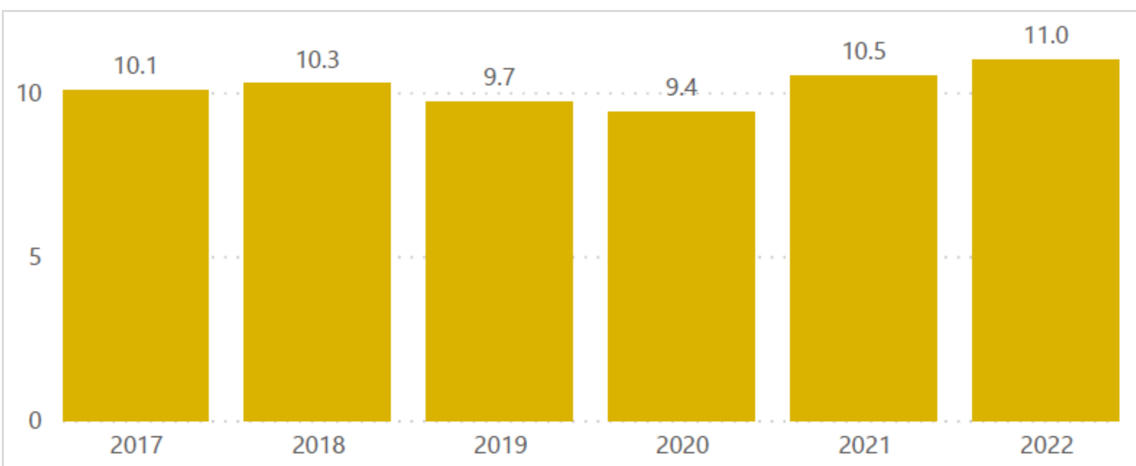
SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

Gauteng represented 682 006 paid bednights in 2022 and the Western Cape represented 1.1 million paid bednights. The figures display significant potential for increased tourism activity in these provinces.

5.1.4 Length of stay

The period that international tourists spend in the province increased slightly from 2021 which recorded 10.5 days, to 11 days in 2022. Improving the length of stay in the province can be achieved through diversifying and enhancing attractions, creating innovative product linkages and packaging, promoting the hidden gems of KwaZulu-Natal, and facilitating accessibility to ensure that transportation and infrastructure within the destination are well-developed and accessible.

FIGURE 5-4: SUM OF PAID BEDNIGHTS

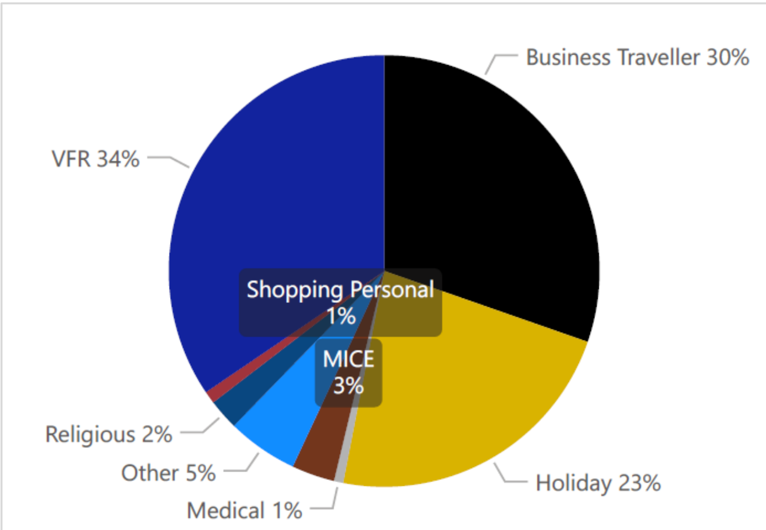


SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

5.1.5 Purpose of visit

The main purpose of visit for international tourists was to visit friends and relatives at 29.9%, followed by business reasons at 26.3%. Holiday purposes represented 19.7% followed by MICE and religion at 2.8% and 2% respectively.

FIGURE 5-5: PURPOSE OF VISIT



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

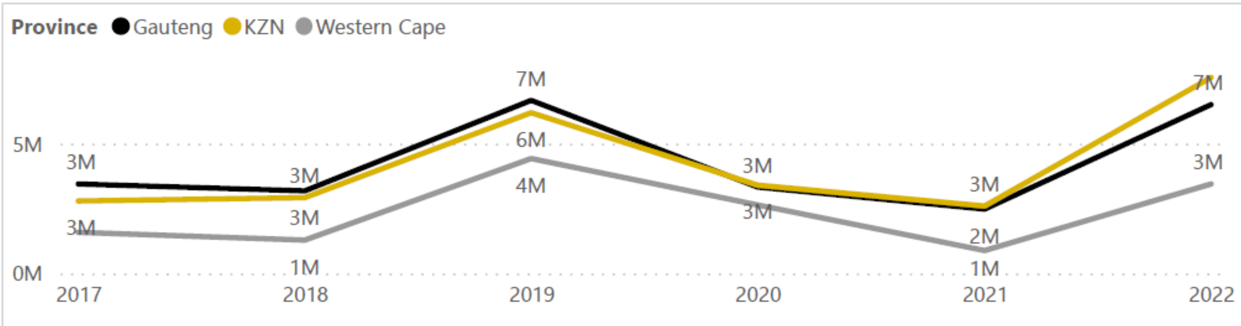
5.2 Domestic Tourism Performance

The growth of domestic tourism leads to the creation of jobs in the hospitality sector, transportation, retail, and other related industries. This can help reduce unemployment rates and stimulate economic development. This form of tourism can also provide stability for the tourism sector, especially during times of international uncertainty or external factors affecting international travel. It ensures a more reliable flow of visitors and revenue for businesses.

5.2.1 Domestic Trips

On the domestic tourism front, the province performed exceptionally well with a significant increase in domestic trips. The number of trips increased from 2.6 million trips in 2021 to 7.5 million trips in 2022, bearing evidence that tourism recovery is taking place and that the province was successful in its recovery strategies to encourage domestic travel and get people to explore locally. A similar trend was also recorded for domestic tourism spend.

FIGURE 5-4: DOMESTIC TRIPS



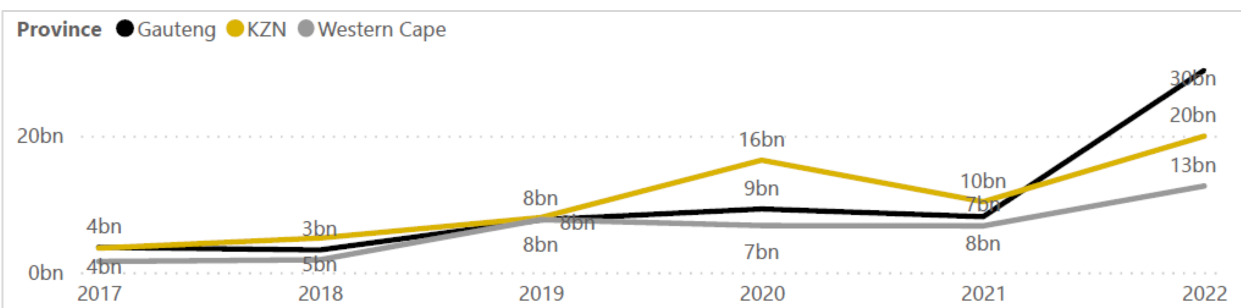
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

The Gauteng and Western Cape Provinces accounted for 6.5 million and 3.4 million domestic trips respectively. This indicates a fair amount of inter-provincial travel between KZN and Gauteng[2].

5.2.2 Tourist Spend

In line with the increase in the number of trips, domestic tourism spending also reflected an increase- from R10.3 billion in 2021 to R19.9 billion in 2022[3]. Tourist spending directly contributes to economic growth by injecting money into the local economy. The revenue generated from tourism helps create jobs, support local businesses, and stimulate economic activities in sectors such as hospitality, transportation, retail, and entertainment.

FIGURE 5-5:DOMESTIC TOURIST SPEND



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

The Gauteng and Western Cape Provinces accounted for R29.5 billion and R12.6 billion in domestic tourism spending for 2022.

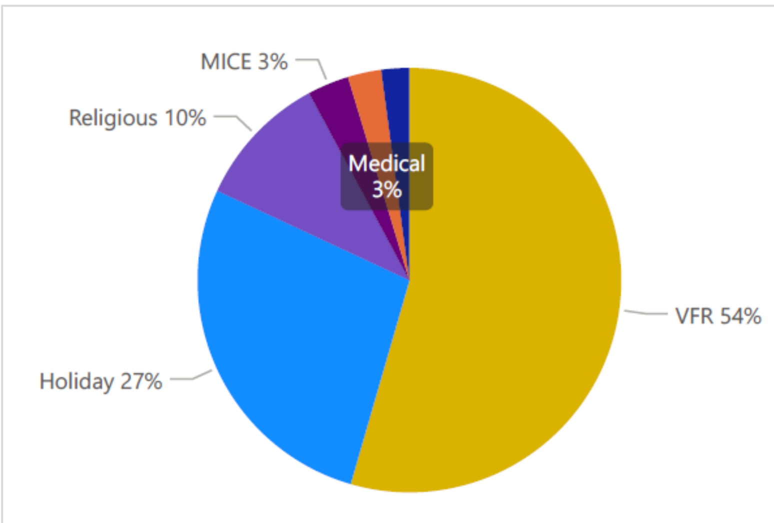
[2] South African Tourism, Domestic Tourism Survey 2022

[3] South African Tourism, Domestic Tourism Survey 2022

5.2.3 Purpose of visit to KZN Province

The main purpose of visit for domestic tourists was to visit friends and relatives at 54%, followed by holiday reasons at 27%. Those travelling for religious purposes represented 10%, followed by the meetings industry at 3% of visitors. Given that international business tourists bring greater economic benefits than any other type of tourist (as a result of their high daily spending), these tourists should be targeted for tourism promotions that cater to pre-and-post meeting activities for the individual as well as his/her family.

FIGURE 5-6: PURPOSE OF VISIT TO KZN PROVINCE

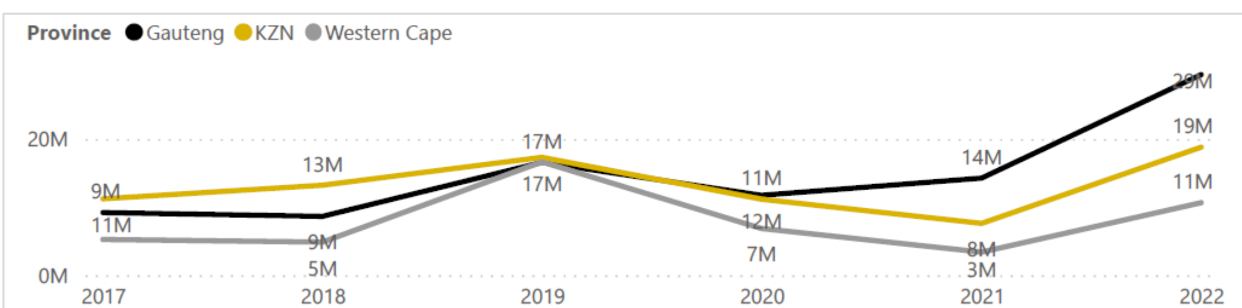


SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

5.2.4 Bednights in KZN

Paid bednights indicate the number of accommodation establishments that were occupied during the study period.

FIGURE 5-7:BEDNIGHTS



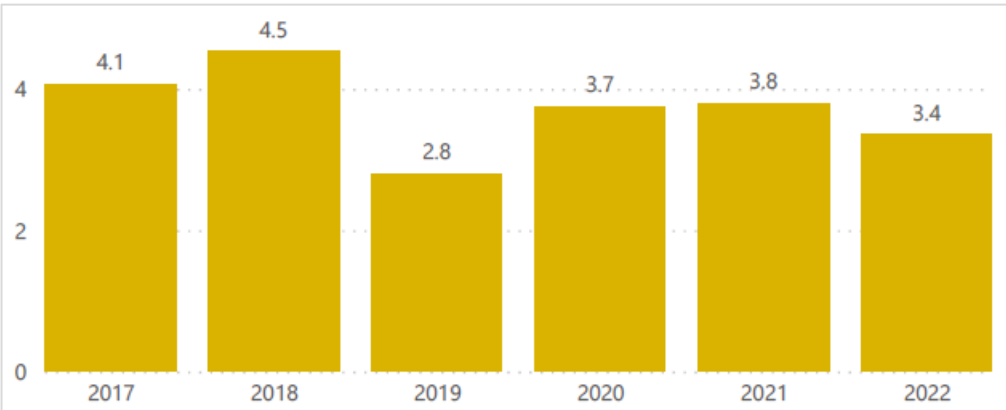
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

A similar trend as observed in domestic visitor numbers and tourist spending was noted in the number of paid bednights, which increased from 7.6 million bednights in 2021, to 18. million bednights in 2022. An increase in paid bednights stimulates local business activity. Tourists spend money not only on accommodation but also on food, entertainment, shopping, and other services, benefiting various local businesses.

5.2.5 Length of Stay

The figure below displays the duration of stay for domestic tourists visiting the KZN Province.

FIGURE 5-8:LENGTH OF STAY



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

Domestic length of stay experienced a slight decrease from 3.8 days in 2021 to 3.4 days in 2022. Increasing the length of stay for tourists is beneficial for the local economy and tourism industry as it leads to higher spending and more significant engagement with the destination. This can be achieved by developing and promoting a diverse range of attractions and activities that cater to different interests and age groups. Having a mix of cultural, historical, natural, adventure, and recreational attractions can entice tourists to stay longer to explore everything the province has to offer.

Section 6: Conclusion

The iLembe District, known for its diverse cultural heritage, scenic landscapes, and historical sites, attracts tourists seeking authentic experiences in South Africa. Analysing the tourism performance in 2023 provides insights into the district's economic vitality and potential areas for growth as outlined in this annual tourism performance report. The number of visitors to the iLembe District increased by approximately 3% in comparison to the previous year further suggesting positive signs to demand stabilisation, further, leading to increased overnights paid accommodation and higher spending.

Identifying constraints that the tourist sector faces, such infrastructural constraints, seasonality, and socio-economic considerations, helps relevant stakeholders come up with smart solutions. Furthermore, innovation and diversity in the tourist sector may be fuelled by identifying new opportunities such as property investment opportunities. Over 21% of the respondents to the visitor intercept survey indicated they are exploring property investment opportunities which suggests the presence of a growing market.

In conclusion, analysing the tourism performance in the iLembe District for 2023 reveals its consumer trends, strengths, weaknesses, and investment opportunities. Following the pandemic, the tourist sector in iLembe has begun to stabilise, demonstrating the sector's resilience and promising a robust return.

Glossary of terms

CATEGORY	CONCEPT	DEFINITION
Tourism	**Day visitors**	Visitors who do not spend the night in accommodation in the place visited.
	Overnight visitor	Visitors who spend the night in accommodation in the place visited.
	Visitors spending	Spending patterns of visitors on the following:
		- Accommodation (e.g. lodges, campsites, self-catering, timeshare, etc.) – paid accommodation at formal establishments in the destination, *excl. visiting friends or family of staff*
		- Restaurants and related services – paid food and beverage in the destination, *excl. food and beverage not purchased in the area.*
		- ·Public transport – paid transport to and from the destination and within destination, e.g. tour buses, minibuses, aeroplane, shuttles, car rentals, *excl. personal vehicle use.*
		- Recreational and cultural activities – paid recreational and cultural activities in the destination, incl. safaris/tour guiding, adventure activities, cultural dances, etc.
		- Retail – purchase of tourism-related merchandising, crafts, local products.
		- Others – purchase of non-tourism related items, e.g. petrol, toll fees, banking services, etc.
Impact	**Multiplier Effect**	Refers to the increase in final income arising from any new injection of spending.
	Production	Economic rationale of firms supplying goods and services in the economy.
	Gross Domestic Product (GDP) or Gross Geographic Product (GGP)	A monetary measure of the market value of all the final goods and services produced within a country in a specific period. Also known as the Value-Added (sum of wages, profit and tax)
	Income	The income generated in terms of salaries and wages earned by those employed directly and the suppliers of goods and services.
	Taxes	Taxes refer to the revenue generated for government based on the production and sale of goods and services in the economy.
	Direct	On-site impact in terms of production, GDP, Income, Jobs and Taxes.
	Indirect	Supplier or value-chain impact in terms of production, GDP, Income, Jobs and Taxes.
	Induced	Consumer/household impact in terms of production, GDP, Income, Jobs and Taxes.
	Total	Accumulative impact of direct, indirect and induced.